

~~SECRET~~

25X1A

DIARY NOTES

DD/S

24 June 1959

1. At the Deputies' Meeting:

a. The Director indicated that he would be in New York on the 6th of July at a meeting in Albany with Nelson Rockefeller.

b. There was a brief discussion of the use of counterpart funds and the Director objected very strongly to the Treasury Regulation which would require us to pay for counterpart funds at the rate which they were originally acquired. In most instances this would be considerably more than the current market value. Apparently the Director has learned this in connection with Project [REDACTED] the details of which I am not familiar with.

25X1A2d1

c. Dick Bissell raised the question of Project WALNUT and proposed that we request a release from the Contingency Reserve to finance this project. I informed the Director that, in my opinion, this project did not meet with the criteria for use of the Contingency Reserve and felt very sure that the Bureau of the Budget would turn it down. Therefore, I advised very strongly against making such a request. The Director then lashed out at the Bureau and indicated that he thought the Contingency Reserve should be used for the general good of the Agency and did not like the Bureau's ground rules. I told him that it was my understanding that the Bureau and the Congress did not approve of using the Contingency Reserve for items which we could foresee and budget for in the normal way. In view of the fact that this situation comes up from time to time I suggested to the Director that we invite Mr. Macy over for lunch some day soon and that all three Deputy Directors attend the luncheon so that we could have a common understanding of what the conditions were under which we could draw funds from the Contingency Reserve and he approved.

2. The Director requested that we prepare a memorandum to the President concerning the interest of the General Accounting Office and Congressman Kilday in broadening the GAO audit function. (The first draft has been prepared by Larry Houston and is now in the Director's hands.)

3. I advised the Director of the interest of the Bureau of the Budget in seeing the study which we undertook to make last fall to determine whether or not the scope of the NIS Program could not be reduced somewhat. I emphasized the necessity of making some decision on this soon but am not at all sure that it will be done.

4. I advised the Director of the request of the Bureau of the Budget for an up-to-date report on all residential property [REDACTED]. The Director saw [REDACTED] 25X1A6a no objection to furnishing this information.

~~SECRET~~

10. At the Deputies' Meeting we also discussed the [REDACTED] has much 25X1A as the Director had had a telephone call from Roger Lewis [REDACTED]. The Director asked for a memorandum which he could use for discussion at the Operations Coordinating Board. (This was prepared by Gates Lloyd and supplied.)

11. I obtained the Director's signature on a letter to Senator Hayden requesting that the \$2.8 million for the NIS Program which was deleted from the Department of State's budget be restored to our budget. (This has been delivered to Francis Hewitt, Clerk of the Senate Appropriations Committee.)

25X1A9a

25X1A9a

12. [REDACTED] advised me that the Director wished to keep General [REDACTED] on as a consultant and that his clearances should be kept current. I passed this on to Gordon Stewart and Emmett Echols.

25X1C4c

13. Gil Greenway, Deputy for Civil and Military Air Transportation, Department of the Air Force, was over to talk with Larry Houston, Gates and me about Congressman Carter who has caused a lot of trouble in connection with CAT's [REDACTED] contract. After consulting with him we saw the Director who approved of our recommendation that Congressman Carter could not be briefed as to CIA's interest in CAT and that the Air Force should go ahead and award the contract in question which will stand on its own merit. It is possible that Congressman Carter may cause further trouble and if he has gained a knowledge of our interest in CAT in some unauthorized manner he may drag us into it. However, this is a risk that we will have to take.

LKW:ecb

25X1A9a

5. I have agreed with Matt Baird that [REDACTED] would report to the Office of the DD/S on 13 July for a tour of duty approximating one year.

25X1A

6. Larry Houston advised me that the Kilday Committee wished to have a meeting with the Director on 30 June for an intelligence briefing and to discuss the GAO audit problem. H

25X1A9a

7. [REDACTED] discussed with me the possibility of disseminating information to employees on the status of the new building, roads, etc. I told him that I would call a meeting soon of the Building Planning Staff to discuss this matter and at that time would place the responsibility for the actual dissemination in the hands of the Office of Personnel. H

25X1A6a

8. [REDACTED] came to see me about a flap having to do with placing an additional auditor in [REDACTED]. Due to his hospitalization this matter had not been well handled.

25X1A9a

He wrote the Division, however, about three weeks ago and just today learned from Jim [REDACTED] that the Division could not concur because of instructions issued by Dick Bissell

25X1A6a

to the effect that no more people were to be added to the [REDACTED] Station complement. The individual's household goods have been shipped and he is sailing on the 4th of July. I tele-

25X1A9a

phoned [REDACTED] and he instructed Jim to change his position. However, Dick did say that he thought the situation was developing again wherein individual DD/S Offices were trying to up their components in the Area Divisions without my knowledge and I assured him that I would look into this matter. (I propose to write a memorandum to all DD/S components instructing them that when they are going to add to the strength of an overseas station it must be coordinated with [REDACTED] who will obtain my personal approval before putting on any pressure.)

25X1A9a

25X1A5a1

9. I had lunch with Alan Mills, Jr., Mills and Petticord Architects, who also had

[REDACTED]

off 50% of their carpenters Friday and that he did not feel that the foundation contractor would be out of the way sufficiently to permit Public Buildings Service to give him a notice to proceed until about 1 August. In fact, he said that if he received a notice to proceed next week he would immediately file a request for an extension. He was also pessimistic about the possibility of completing this building in two years and felt that the delay caused by failure of the foundation contractor to move fast enough was going to prohibit him from getting a lot of the work that he had hoped to get done prior to Winter. I invited them to come over to lunch sometime with the Director and they are most anxious to do so. I gathered from [REDACTED] conversation that he was very much aware of our early difficulties with PBS. As a parting remark he assured me of his friendliness and his eagerness to co-operate in every way but said "whatever you do, don't ask me to undercut GSA." I assured him that I would not. H

25X1A5a1

\*\*\*\*\*